

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

EA-06 FRB-03 INR-07 IO-10 NEA-10 NSAE-00 OPIC-03

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FM USMISSION OECD PARIS

TO SECSTATE WASH DC PRIORITY 7099

INFO AMEMBASSY ATHENS

LIMITED OFFICIAL USE OECD PARIS 12568

E.O. 11652: N/A

TAGS: OECD, GR, EAID, EFIN

SUBJECT: REACTIVATION OF GREEK CONSORTIUM

REFS: (A) OECD PARIS 22607; DATED 9/24/74; (B) STATE  
196917 DATED 9/8/74

1. SECGEN VAN LENNEP HAS TOLD US THAT IN THE COURSE OF HIS CALL ON P.M. KARAMANLIS DURING LATTER'S RECENT VISIT TO PARIS, KARAMANLIS ASKED HIM TO REACTIVATE OECD CONSORTIUM FOR GREECE. ACCORDING TO VAN LENNEP THIS WAS DONE WITHOUT ANY PRIOR INDICATION FROM THE GREEK AUTHORITIES AND EVEN GREEK PERM REP ATHANASSOPOULOS, WHO WAS PRESENT, AT MEETING, SEEMED SURPRISED. VAN LENNEP REPORTED THAT KARAMANLIS RECALLED THAT HE HAD BEEN INSTRUMENTAL IN GETTING THE CONSORTIUM STARTED 13 YEARS AGO. KARAMANLIS THEN EMPHASIZED THE POOR STATE IN WHICH THE PREVIOUS REGIME HAD LEFT THE ECONOMY AND THE FACT THAT GREECE WAS NOW AGAIN A DEMOCRACY. KARAMANLIS SOMEWHAT EMOTIONALLY CONCLUDED BY SAYING THAT HE WAS COUNTING ON VAN LENNEP TO TAKE THE NECESSARY STEPS TO REVIVE THE CONSORTIUM. VAN LENNEP CITED THE FACT THAT BOTH GERMANY AND FRANCE (THE LATTER MOSTLY THROUGH EXPORT CREDITS), HAD DECIDED TO ASSIST GREECE AND THAT THE

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EUROPEAN INVESTMENT BANK WOULD LIKEWISE BE ACTIVE IN

GREECE.

2. VAN LENNEP'S INITIAL VIEW IS THAT THE CONSORTIUM, IF REACTIVATED, SHOULD BE A CONSULTATIVE FORUM FOR COORDINATING VARIOUS ACTIONS BEING TAKEN TO ASSIST GREECE. IT COULD ALSO, IN THAT CONTEXT, DISCUSS GREEK ECONOMIC POLICIES AND GIVE ADVICE. VAN LENNEP FEELS GREECE DOES NOT NEED CONSORTIUM TO MOBILIZE CONCESSIONAL ASSISTANCE ALTHOUGH, OF COURSE, THE COORDINATION OF ANY FINANCIAL AND TECHNICAL ASSISTANCE PROVIDED WOULD BE ONE OF ITS TASKS.

3. COMMENT: THE OEC COUNCIL DECIDED, ON JULY 1, 1969, THAT VAN LENNEP COULD REACTIVATE THE CONSORTIUM AT THE APPROPRIATE TIME SIMPLY BY APPOINTING ONE OF HIS DEPUTIES AS CHAIRMAN. ALTHOUGH HE IS AWARE OF THE OPPORTUNITY FOR OECD COUNTRIES TO SIGNAL POLITICAL SUPPORT FOR THE GREEK GOVERNMENT BY REACTIVATING THE CONSORTIUM, VAN LENNEP CONTINUES TO FEEL STRONGLY THAT CONORTIUM SHOULD NOT BE REACTIVATED UNLESS MEMBERS MAKE SURE THAT IT WOULD SERVE A USEFUL ECONOMIC PURPOSE. THE EDRC MEETING ON GREECE TOOK PLACE MAY 13TH. THE MEETING CONFIRMED MISSION'S PREVIOUS JUDGMENT (REF A), THAT GREECE'S ECONOMIC NEEDS ARE BASICALLY OF A SHORT-TERM NATURE. THE BALANCE OF PAYMENTS DEFICIT SHOULD BE OF THE SAME ORDER OF MAGNITUDE AS LAST YEAR (\$1.2 BILLION). THIS PRESENTS GREECE WITH A FINANCING PROBLEM WHICH IS SERIOUS IN THE SHORT TERM, BUT NOT UNMANAGEABLE, AND ONE WHICH WOULD NOT WARRANT LARGE INFUSIONS OF CONCESSIONAL ASSISTANCE. FULL REPORT ON EDRC MEETING WILL BE FORWARDED SHORTLY.

4. ACTION REQUESTED: BEFORE MAKING A FORMAL PROPOSAL, VAN LENNEP HAS ASKED FOR OUR VIEWS ON THE REACTIVATION AND HE IS ALSO AWAITING FURTHER VIEWS FROM ATHENS. REQUEST WASHINGTON'S VIEWS FOR TRANSMISSION TO VAN LENNEP.

5. DEPARTMENT MAY WISH TO PROVIDE BRIEFING MATERIALS ON THIS SUBJECT TO SECRETARY IN CONNECTION WITH HIS LIMITED OFFICIAL USE

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ATTENDANCE AT OECD MINISTERIAL.  
KATZ

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## Message Attributes

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